MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

DFA5014 – FINANCIAL ACCOUNTING 1

(All sections / Groups)

10 JULY 2023
9.00 a.m. to 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 7 pages with 4 Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

QUESTION 1

Part A

Below are selected accounts extracted from Mimi's financial statements for year 2022.

1.	Supplies expense	7.	Prepaid expense
2.	Accounts payable	8.	Notes payable
3.	Interest revenue	9.	Rent revenue
4.	Insurance expense	10.	Salaries payable
5.	Accounts receivable	11.	Mimi, capital
6.	Mimi, drawings	12.	Utilities expense

Required

(a) Classify each of the above accounts as Asset, Liability or Owner's capital, Owner's drawings, Revenue, and Expense and describe the effect of each item on its owner's equity, whether **Increase** or **Decrease** in owner's equity, or **Not applicable**. Write your answers in the following format.

No	*Accounts*	*Categories*	*Effects on Owner's Equity*
Example	*Salaries expense*	*Expenses*	*Decrease*

(6 marks)

(b) State **TWO (2)** users of accounting information and provide **THREE (3)** examples for each of the users.

(4 marks)

Continued...

Part B

Jebat Racquet Sports Centre is owned by Mr. Ahmad Jebat. The ledger showed Cash RM9,800, Account Receivable RM4,200, Badminton supplies RM7,500, Badminton Equipment RM16,000, Accounts Payable RM5,500, Notes Payable RM15,000, and Jebat Capital RM12,000. The company's revenue consists of rental fees revenue and service revenue.

During September 2022, the following events and transactions occurred.

Sep	1	Jebat is committing an additional RM10,000 of his own money to fund a new badminton court.
	4	Paid water and electricity bills for RM1,100.
	7	Ordered 10 additional badminton supplies such as shuttlecocks shoes, bags, grips, and strings at total RM2,500 from Maxxim Sdn. Bhd.
	10	Received a total of RM6,800 cash for court rental fees from walk-in customers for the first week of September.
	14	Purchased badminton stringing machine costing RM14,000 for RM3,000 cash and the remainder on credit.
	18	Paid advertising expenses RM2,600 to BRV Advert Company.
	20	Received RM8,000 cash from Sekolah Tinggi Melaka for renting the badminton court for badminton tournaments that will be held in January 2023.
	23	Made payment of RM3,400 on accounts payable due for renovation made last month.
	25	Completed repairing badminton racket for Lin Dan Academy and received RM6,000 cash for the repair service provided.
	27	Received three-quarter of cash from customers on the balance of account receivables.
	29	Paid salaries of RM1,800 each to three workers.
	30	Purchase badminton supplies that have been ordered from Maxxim Sdn. Bhd. on 7 September 2022 by cash.

Required

(a) Journalise the September 2022 transactions for Jebat Racquet Sports Centre.
(12 marks)

(b) Calculate the total revenue for September 2022. Show all workings.
(3 marks)

(Total: 25 marks)

Continued...

QUESTION 2

The trial balance of Julie Logistic Company at 30 June 2023 and the related month end adjustment data is as follows:

Julie Logistic Company
Trial Balance
30 June 2023

Accounts	Debit	Credit
Cash	RM1,626	
Account receivable	42,960	
Office supplies	1,312	
Prepaid rent	9,920	
Motor vehicles	140,890	
Accumulated depreciation-Motor vehicles		RM34,368
Notes Payable (12%)		70,000
Account payable		18,420
Unearned revenue		20,000
Julie, capital		14,400
Julie, drawing	780	
Service revenue		63,600
Salary expense	14,400	
Rent Expense	2,640	
Utilities expense	3,080	
Insurance expense	3,180	
	RM220,788	**RM220,788**

The following information is available to assist in the preparation of adjusting entries:

i. An inventory of office supplies reveals RM700 has been used.
ii. Office rental was paid in advance for eight months on 1 February 2023 and expired for June.
iii. Accrued salary is RM2,750 on 30 June.
iv. 40% of the unearned revenue was earned by 30 June.
v. The company estimates the income taxes for the year to be RM2,000.
vi. Invoices amounting to RM1,250 for services performed have not been recorded.
vii. Utility expenses of RM300 are unpaid.
viii. The depreciation of motor vehicles for the month is RM1,500.
ix. The note payable interest rate is 12% annually. The loan was taken out on 1 March 2023.
x. Received cash RM5,000 from credit customers.

Continued...

Required

(a) Indicate the type of adjusting entries needed in each of the above transactions. (5 marks)

(b) Prepare the adjusting entries on 30 June 2023. (10 marks)

(c) Prepare the account receivable and interest payable ledger (T-account) for the month. (6 marks)

(d) Explain the difference between Accrued Revenue and Unearned Revenue. Classify it as either current asset or current liability and give ONE (1) example each. (4 marks)

(Total: 25 marks)

QUESTION 3

Part A

The financial information presented in financial statements needs to have some key qualities which make it useful for the users. The Financial Accounting Standard Board (FASB) has identified two classifications of qualitative characteristics, known as Fundamental Qualities and Enhancing Qualities of accounting information, that provide useful information for decision making purposes.

Required

Identify **TWO (2)** Fundamental Qualities and **THREE (3)** Enhancing Qualities recognised by The Financial Accounting Standard Board (FASB). (2.5 marks)

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Part B

Feeza started his own trading company, Feeza Enterprise in 2019. Below is the Adjusted Trial Balance for Feeza Enterprise on 31 December 2022.

Feeza Enterprise
Adjusted Trial Balance at 31 December 2022

Accounts	Debit	Credit
Cash	RM21,250	
Account Receivables	20,000	
Supplies	20,000	
Prepaid Insurance	6,875	
Motor Vehicle	65,000	
Accumulated Depreciation – Motor Vehicle		RM21,250
Account Payable		28,750
Unearned sales revenue		15,000
Salary Payable		5,000
Utilities Payable		750
Feeza, Capital		25,000
Feeza, Drawings	3,750	
Sales Revenue		83,000
Rent Expenses	13,750	
Salary Expenses	10,000	
Utility Expenses	7,000	
Interest Expenses	4,250	
Advertising Expenses	2,000	
Supplies Expenses	2,500	
Depreciation Expenses – Motor Vehicle	1,750	
Insurance Expenses	625	
	RM178,750	RM178,750

Required

(a) Prepare the Statement of Profit or Loss for Feeza Enterprise for the year ended 31 December 2022. (5.5 marks)

(b) Prepare the Statement of Financial Position as at 31 December 2022. (6.5 marks)

(c) State **THREE (3)** reasons why the Statement of Financial Position is important for a company. (3 marks)

(d) Journalise the closing entries. You may omit the explanation. (7.5 marks)

(Total: 25 marks)

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QUESTION 4

Part A

Adora, the newly hired accounts officer for Sunrise Company, has prepared a bank reconciliation, but unfortunately it does not balance. The following information is available to reconcile Sunrise Company's book balance of cash with its bank statement balance as of 31 March 2023:

The balance per the bank statement on 31 March 2023, was RM14,835

Outstanding cheques were: no.1052 for RM207, no.1053 for RM275, no.1058 for RM416, no.1062 for RM602, no.1063 for RM196, and no.1064 for RM349.

Included with the statement was a credit memorandum of RM836 indicating the collection of a note receivable for Sunrise Company by the bank on 25 March 2023. This memorandum has not been recorded by Sunrise Company.

A debit memorandum for RM1,705 is listed as NSF cheque. The cheque had been received from a customer, Jason. Sunrise Company had not recorded the return of this cheque before receiving the statement.

Bank service charges for March was RM120. These charges were not recorded.

The company's ledger showed one cash account with a balance of RM16,005 and RM2,226 of company deposit are still in transit.

Required

(a) Prepare a bank reconciliation at 31 March 2023. (8 marks)

(b) Prepare the adjusting entries based on the reconciliation. (3 marks)

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Part B

Penta Sdn. Bhd. maintains a petty cash fund for their small expenditures. The following presents transactions for January 2023.

Jan 1 Established a petty cash fund by cashing a cheque for RM2,500.

15 Replenished the fund which contained RM240 in cash and the following petty cash receipts: freight-out RM1,100, supplies RM750, postage expense RM150 and miscellaneous expense RM190.

30 Replenished the fund which contained RM185 in cash and the following petty cash receipts: freight-out RM1,450, entertainment expense RM440, postage expense RM280 and miscellaneous expense RM160.

31 Increased the petty cash fund to RM3,000.

Required

(a) Journalise the petty cash transactions above. (8 marks)

(b) Indicate any **TWO (2)** internal control principles that are applicable to petty cash activities. (2 marks)

Part C

Listed below are several statements that relate to financial accounting and reporting.

i. Faizul, who designed his customer's website, records revenue when the web design services are completed, even though the cash has not yet been recorded.

ii. Zi Tian is the sole owner of Uptown Café in Melaka. She borrowed RM15,000 from the bank for a personal vacation trip to Switzerland. This liability was not recorded in Uptown Café accounts.

iii. In the Statement of Financial Position, Elisa recorded the building at the cost of RM500,000, even though the current value of the building is RM300,000.

iv. LGSM Berhad distributes its annual report to the shareholders every year.

Required

Identify the basic assumption or broad accounting principle that applies to each statement. (4 marks)

(Total: 25 marks)

End of Paper